

July 6, 2004

07-12-2004

Ms. Ila Lewis
Compliance Project Manager
California Energy Commission
Energy Facilities Siting and
Environmental Protection Division
1516 9th Street, MS 2000
Sacramento, CA 95814-5512



Dear Ms Lewis:

Mirant Delta, LLC is the owner and developer of the Contra Costa Unit 8 project that was approved by the California Energy Commission in May 2001. Construction on the project started in late 2001 and was subsequently suspended in February 2002 due to a number of circumstances beyond Mirant's control, including an economic downturn in the power industry, tightening of the capital markets, and significant changes in the California power market. Mirant received CEC approval to revise construction milestones for the project in December 2002 based on the foregoing circumstances. Subsequently, Mirant Delta, its ultimate parent, Mirant Corporation, and approximately 80 other subsidiaries of Mirant Corporation filed for reorganization under Chapter 11 of the Bankruptcy Code in July 2003. Regretfully, due to the continuing depression of the California power market and Mirant's Chapter 11 reorganization, Mirant requests further extension of the construction milestones for the Contra Costa Unit 8 project.

Mirant has been negotiating with the California Attorney General's office and various other California parties for a number of months to settle a variety of disputes related to Mirant's business activities in California, including issues arising out of the California energy crisis of 2000 and 2001. A settlement of these disputes could potentially result in a transfer of ownership of the Contra Costa Unit 8 project to a third party that would then resume construction of the facility. Given the complexity of the disputes, the number of parties involved, and the approvals that will be required as a result of Mirant's bankruptcy proceedings, any such settlement and resulting transfer of the Contra Costa Unit 8 project would not likely occur for six to twelve months.

The possible transfer of the Contra Costa Unit 8 project is an important part of these negotiations and at this point in time, the certification status is in question due to Mirant's inability to meet the current construction milestones. To facilitate those negotiations, all parties need to have certainty that the CEC certification is not in jeopardy for this project. Moreover, further extending the construction milestones would maintain the viability of the project and the potential resulting benefits to the State of California and its citizens of additional in-state generating facilities.

Based on the circumstances described above, Mirant expects that construction efforts could re-commence by August 2005 and the project could be operational approximately 15 months later, in time for the winter of 2006. Based on this timing, Mirant proposes the following revised Construction Milestones:

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| 1. | Begin pouring major foundation concrete | - Complete |
| 2. | Begin installation of major equipment | - Complete |
| 3. | Complete installation of major equipment | - October 2006 |
| 4. | Begin gas pipeline construction | - Complete |
| 5. | Complete gas pipeline interconnection | - Complete |
| 6. | Begin T-line construction | - September 2005 |
| 7. | Complete T-line interconnection | - May 2006 |
| 8. | Begin commercial operation | - November 2006 |

Extension of the milestones is critical to the future of the CC8 project. The project remains viable and important to the California grid given its location within the San Francisco Bay Area and the fact that construction has started. All equipment has been purchased and remains available for this project. Equipment lay-up efforts have proven to be successful and frequent inspections have shown the equipment to be in excellent condition.

I hope that the above information is sufficient to allow you to grant our extension request. If you have further questions, please call me at (925) 287-3105.

Sincerely,



Mark Osterholt
Director
Business Management

Cc: Anne Cleary, Mirant California
Jeffrey Russell, Mirant California
Mark Gouveia, Mirant California
Chuck Hicklin, Mirant California
David Frandsen, Mirant California
David Hammond, Mirant California
Robert Dougherty, Mirant Inc.